

# Alaska Oil and Gas Property Tax AS 43.56

Department of Revenue  
Tax Division  
August 5, 2014



## AS 43.56 Processes

- All oil and gas property is centrally assessed by the Department of Revenue (“DOR” or “department”) at its “full and true” value each year as of the assessment date, which is January 1. (*AS 43.56.010*)
- Property statements are required to be filed by all owners of oil and gas property by January 15 each year, unless an extension is requested and granted. (*AS 43.56.070 and 15 AAC 56.005*)
- On or before March 1 of each year, DOR will issue the preliminary oil and gas property assessment roll. (*AS 43.56.090 and 43.56.100*)

# Property Tax Appeals

- Within twenty (20) days of the date of the preliminary assessment roll, a taxpayer or municipality may appeal an oil and gas property tax assessment to the department. (*AS 43.56.110*)
- Within thirty (30) days of the date of the preliminary assessment roll, the department will issue an informal conference decision (“ICD”), making a determination on a timely filed appeal. (*AS 43.56.110*)
- Within fifty (50) days of the date of the preliminary assessment roll, a taxpayer or municipality may file an appeal of the department’s ICD to the State Assessment Review Board (“SARB”). (*AS 43.56.120*)



# Property Tax Appeals (cont.)

- SARB is a quasi-judicial board, created under AS 43.56.
- SARB is a volunteer board made up of five members familiar with assessment procedures appointed by the Governor, and affirmed by the legislature. (*AS 43.56.040*)
- Board members are not DOR employees.
- Within “approximately” eighty (80) days of the date of the preliminary assessment roll, SARB will hold a hearing on any timely filed appeals. (*AS 43.56.130 and 15 AAC 56.030(e)*)
- SARB will issue a determination on all appeals within seven (7) days after the close of the hearing. (*AS 43.56.130*)

# Property Tax Appeals (cont.)

- DOR assessments (after the SARB process) are appealable for “*trial de novo*” to the Superior Court. “Trial de novo” means that the court does not hear the matter on the original administrative record, but instead starts the process over. (*AS 43.56.130*)
- The Superior Court determination is appealable to the Alaska Supreme Court.
- Court action often takes many years, and supplemental assessments resulting from the court’s decisions may occur at any time.

# Post-Appeal Processes

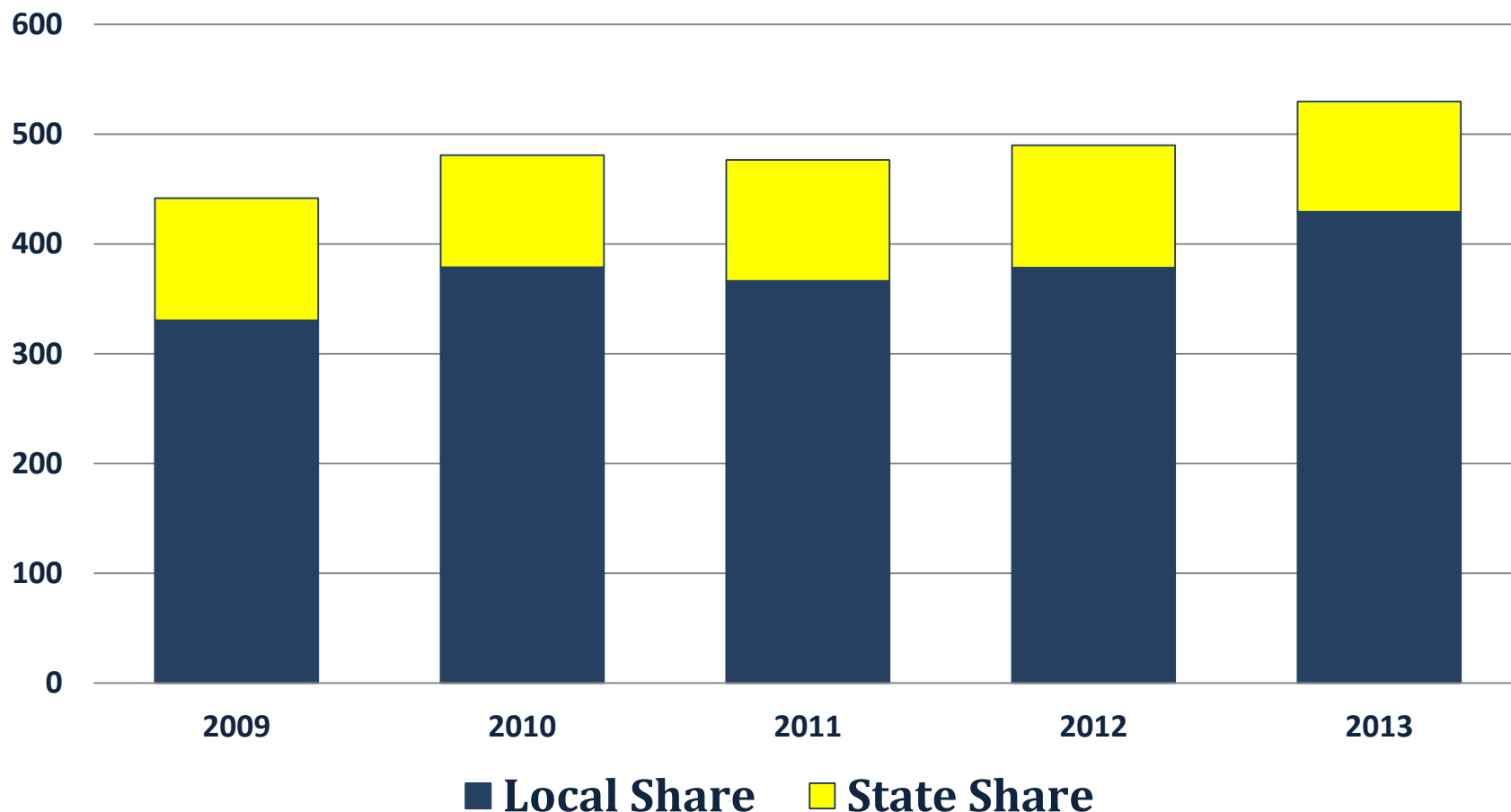
- DOR will certify the oil and gas property assessment roll by June 1. (*AS 43.56.135*)
- DOR sends a statement of the tax due (bill) to the owner of taxable property no later than June 1. (*AS 43.56.135*)
- Payment is due to the department on or before June 30. (*AS 43.56.150*)
  - Municipalities may levy a tax on the state's assessment of oil and gas property at the same rate they apply to all other property. (*AS 43.56.010(b)*)
  - Payments made to a municipality shall be credited against the tax levied by the state. (*AS 43.56.010(d)*)

## AS 43.56 Processes

- The state and municipalities where oil and gas property is located share in oil and gas property tax revenues, and the oil and gas property taxpayer should pay a combined rate of twenty (20) mills, or 2%.
- For municipalities or unorganized portions of the state without oil and gas property in their jurisdictions, oil and gas property tax is still very important because the property taxes that are collected by the state are (through the legislative appropriations process) also shared with them.
- DOR can conduct audits and issue supplemental assessments within three (3) years for property for which a filing occurred, or at any time for escaped property. (*AS 43.56.140*)

# Oil and Gas Property Tax - AS 43.56

## Petroleum Property Tax Distribution





# Oil and Gas Property Tax - 2013

Municipality	Tax	Local Share	State Share
Anchorage	6.6	5.5	1.1
Fairbanks	16.8	13	3.8
Kenai	19.8	9.7	10.1
North Slope	373.8	347.5	26.3
Other Municipalities	0.4	0.2	0.2
Unorganized	58.9	-	58.9
Valdez	53.5	53.5	-
<b>Total Petroleum Property Tax</b>	<b>529.8</b>	<b>429.4</b>	<b>100.4</b>

Numbers in Millions of Dollars

# Municipal Advisory Gas Project Review Board (“MAGP”)

## ➤ Overview:

- Created in 2014 by Administrative Order No. 269.
- Consists of 12 members:
  - The Commissioner of Revenue;
  - The Commissioner of Natural Resources;
  - The Commissioner of Commerce; and
  - Six mayors from the North Slope Borough, the Fairbanks North Star Borough, the Denali Borough, the Matanuska-Susitna Borough, the Municipality of Anchorage and the Kenai Peninsula Borough.
  - One member of an organization representing the interest of municipalities in the state.
  - Two members of the public who do not reside in any of the boroughs listed above.

# Municipal Advisory Gas Project Review Board (“MAGP”)

- Duties and Responsibilities:
  - Provide Governor with an annual report by December 15.
  - Report should include potential benefits of new infrastructure for natural gas development. Recommendations for changes of property tax under AS 43.56 and 29.45. Recommendations to minimize financial impact of infrastructure.

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**Thank You.**